

# AGBM 406 NOTES. EGERTON UNIVERSITY MODULE

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## **AGBM 406 NOTES - EGERTON UNIVERSITY MODULE**

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### **TOPIC 8: JOB ANALYSIS**

Job Analysis is a procedure, by which pertinent information is obtained about a job, i.e., it is a detailed and systematic study of information relating to the operation and responsibilities of a specific job. An authority has defined job analysis as —the process of determining, by observation and study, and reporting pertinent information relating to the nature of a specific job... —It is the determination of the tasks which comprise the job and of the skills, knowledge, abilities and responsibilities required of the worker for a successful performance and which differentiate one job from all others.

### **Information provided by Job Analysis**

Job analysis provides the following information:

1. Job Identification: Its title, including its code number;
2. Significant Characteristics of a Job: Its location, physical setting, supervision, union jurisdiction, hazards and discomforts;
3. What the Typical Worker Does: Specific operation and tasks that make up an assignment, their relative timing and importance, their simplicity, routine or complexity, the responsibility or safety of others for property, funds, confidence and trust;
4. Which Materials and Equipment a Worker Uses: Metals, plastics, grains, yarns, milling machines, punch presses and micrometers;
5. How a Job is Performed: Nature of operation - lifting, handling, cleaning, washing, feeding, removing, drilling, driving, setting-up and many others;
6. Required Personal Attributes: Experience, training, apprenticeship, physical strength, co-ordination or dexterity, physical demands, mental capabilities, aptitudes, social skills;
7. Job Relationship : Experience required, opportunities for advancement, patterns of promotions, essential co-operation, direction, or leadership from and for a job.

### **Sources of information for job analysis**

According to George R. Terry, —the make-up of a job, its relation to other jobs, and its requirements for competent performance are essential information needed for a job analysis|. Information on a job may be obtained from three principal sources:

1. From the employees who actually perform a job;
2. From other employees such as supervisors and foremen who watch the workers doing a job and thereby acquire knowledge about it; and
3. From outside observers specially appointed to watch employees performing a job. Such outside persons are called the trade job analysts. Sometimes, special job reviewing committees are also established.

## Methods of Job Analysis

There are four methods or approaches are utilised in analysing jobs. These are:

1. **Personal Observation:** The materials and equipment used, the working conditions and probable hazards, and an understanding of what the work involves are the facts which should be known by an analyst.
2. **Sending out of Questionnaires:** This method is usually employed by engineering consultants. Properly drafted questionnaires are sent out to job-holders for completion and are returned to supervisors. However, the information received is often unorganized and incoherent. The idea in issuing questionnaire is to elicit the necessary information from job-holders so that any error may first be discussed with the employee and, after due corrections, may be submitted to the job analyst.
3. **Maintenance of Long Records:** The employee maintains a daily record of duties he performs, marking the time at which each task is started and finished. But this system is incomplete, for it does not give us any desirable data on supervisor relationship, the equipment used, and working conditions. Moreover, it is time-consuming.
4. **Personal Interviews** may be held by the analyst with the employees, and answers to relevant questions may be recorded. But the method is time-consuming and costly.

## Purposes and Uses of Job Analysis

A comprehensive job analysis programme is an essential ingredient of sound personnel management. It is fundamental to manpower management programmes because the results of job analysis are widely used throughout the programmes. The information provided by job analysis is useful, if not essential, in almost every phase of employee relations.

1. **Organization and Manpower Planning:** It is helpful in organisational planning for it defines labour needs in concrete terms and coordinates the activities of the work force, and clearly divides duties and responsibilities.
2. **Recruitment and Selection:** By indicating the specific requirements of each job (i.e., the skills and knowledge), it provides a realistic basis for hiring, training, placement, transfer and promotion of personnel.
3. **Wage and Salary Administration:** By indicating the qualifications required for doing specified jobs and the risks and hazards involved in its performance, it helps in salary and wage administration. Job analysis is used as a foundation for job evaluation.
4. **Job Re-engineering:** Job analysis provides information which enables us to change jobs in order to permit their being manned by personnel with specific characteristics and qualifications. This takes two forms :
5.
  1. **Industrial Engineering Activity,** which is concerned with operational analysis, motion study, work simplification methods and improvements in the place of work and its measurement, and aims at improving efficiency, reducing unit labour costs, and establishing the production standard which the employee is expected to meet; and
  2. **Human Engineering Activity,** which takes into consideration human capabilities, both physical and psychological, and prepares the ground for complex operations of industrial administration, increased efficiency and better productivity.

6. Employee Training and Management Development: Job analysis provides the necessary information to the management of training and development programmes. It helps it to determine the content and subject-matter of in-training courses. It also helps in checking application information, interviewing, weighing test results, and in checking references.
7. Performance Appraisal: It helps in establishing clear-cut standards which may be compared with the actual contribution of each individual.
8. Health and Safety: It provides an opportunity for indentifying hazardous conditions and unhealthy environmental factors so that corrective measures may be taken to minimise and avoid the possibility of accidents.

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## JOB DESCRIPTION

Job description is a written record of the duties, responsibilities and requirements of a particular job. It is concerned with the job itself and not with the work. It is a statement describing the job in such terms as its title, location, duties, working conditions and hazards. In other words, it tells us what is to be done and how it is to be done and why. It is a standard of function, in that it defines the appropriate and authorised contents of a job.

Job description helps top executives, especially when they jointly discuss one another's responsibilities. Overlapping or confusion can then be pointed out questions can be raised about the major thrust of each position, and problems of structure can be identified.

A job description becomes a vehicle for organisational change and improvement. A job description contains the following:

1. Job identification, which includes the job title, alternative title, department, division, plant and code number of the job. The job title identifies and designates the job properly. The department division, etc. indicate the name of the department where it is situated-whether it is the maintenance department, mechanical shop etc. The location gives the name of the place.
2. Job Summary serves two important purposes. First it provides a short definition which is useful as an additional identification information when a job title is not adequate. Second, it serves as a summary to orient the reader toward an understanding of detailed information which follows. It gives the reader a —quick capsule explanation|| of the content of a job usually in one or two sentences.
3. Job duties give us a comprehensive listing or the duties together with some indication of the frequency of occurrence or percentage of time devoted to each major duty. It is regarded as the heart of a job.
4. Relation to other jobs : This helps us to locate the job in the organisation by indicating the job immediately below or above it in the job hierarchy. It also gives us an idea of the vertical relationships of work flow and procedures.
5. Supervision : Under it is given the number of persons to be supervised along with their job titles, and the extent of supervision involved – general, intermediate or close supervision.
6. Working conditions usually give us information about the environment in which a job holder must work. These include cold, heat, dust, wetness, moisture, fumes, odour, oily conditions, etc. obtaining inside the organisation. Information about jobs can be had from:

- Observation of employees while on work;
- Study of specially maintained diaries;
- A review of Critical incidents; and,
- Discussions with departmental heads and outside experts or consultants.

A job description enables us to frame suitable questions to be asked during an interview. It is particularly helpful when the application form is used as a tool for eliminating the unfit personnel. A job description helps us in:

- Job grading and classification;
- Transfers and promotions;
- Adjustments of grievances;
- Defining and outlining promotional steps;
- Establishing a common understanding of a job between employers and employees;
- Investigating accidents;
- Indicating faulty work procedures or duplication of papers;
- Maintaining, operating and adjusting machinery;
- Time and motion studies;
- Defining the limits of authority;
- Indicating case of personal merit;
- Facilitating job placement;
- Studies of health and fatigue;
- Scientific guidance;
- Determining jobs suitable for occupational therapy;
- Providing hiring specifications;
- Providing performance indicators.

#### **a. JOB SPECIFICATION**

Job Specification is a standard of personnel and designates the qualities required for an acceptable performance. It is a written record of the requirements sought in an individual worker for a given job. In other words, it refers to a summary of the personal characteristics required for a job. It is a statement of the minimum acceptable human qualities necessary for the proper performance of a job. Job specifications translate the job description into terms of the human qualifications which are required for a successful performance of a job. They are intended to serve as a guide in hiring and job evaluation. As a guide in hiring, they deal with such characteristics as are available in an application bank, with testing, interviews, and checking of references.

Job specifications relate to:

- Physical characteristics, which include health, strength, endurance, age-range, body size height, weight, vision, voice, poise, eye, hand and foot co-ordination, motor co-ordination, and colour discrimination.
- Psychological characteristics or special aptitudes which include such qualities as manual dexterity, mechanical aptitude, ingenuity, judgment, resourcefulness, analytical ability, mental concentration and alertness.
- Personal characteristics traits of temperament such as personal appearance, good and pleasing manners, emotional stability, aggressiveness or submissiveness, extroversion; or, introversion, leadership, co-operativeness, initiative and drive, skill in dealing with others, unusual sensory qualities of sight, smell, hearing, adaptability, conversational ability, etc. (d) Responsibilities which include supervision of others, responsibility for production, process and equipment; responsibility for the safety of others; responsibility for generating confidence and trust; responsibility for preventing monetary loss. (e) Other features of a demographic nature, which are age, sex, education experience and language ability.

#### **b. JOB DESIGN**

Job analysis helps in developing appropriate design of job to improve efficiency and satisfaction. Job design is the process of deciding on the contents of a job in terms of its duties and responsibilities, on the methods to be used in carrying out the job, in

terms of techniques, systems and procedures and on the relationships that should exist between the jobholder and his superiors, subordinates and colleagues. It is a deliberate and systematic attempt to structure the technical and social aspects of work so as to improve technical efficiency and job satisfaction. Job design is an attempt to create a match between job requirements and human attributes. It involves both organising the components of the job and the interaction patterns among the members of a work group. The main objective of job design is to integrate the needs of the individual and the requirements of the organisation. Needs of employees include job satisfaction in terms of interest, challenge and achievement. Organisational requirements refer to high productivity, technical efficiency and quality of work. Today, educated and creative employees demand well-designed jobs. Therefore, increasing attempts are being made to redesign jobs so as to improve the quality of working life. A systematic body of knowledge on the designing of jobs has been developed after the Industrial Revolution and the large scale enterprises.

Approaches to Job Design: The main approaches to job design are described below :

- **Classical Approach :** Also known as Engineering approach, it was developed by F.W. Taylor and his associates. The principles of scientific management formed the basis for designing jobs in most Organisations. These principles focus on planning, standardising and improving human effort at the operative level in order to maximise productivity. In the words of Taylor, —the work of every workman is fully planned out by the management at least one day in advance and each man receives in most cases complete written instructions, describing in detail the task which he is to accomplish. This task specifies not only what is to be done but how it is to be done and the exact time allowed for doing it. Jobs designed on the basis of classical approach are not appropriate in the modern environment characterised by increased awareness, improved education and rising expectations of workforce.
- **Behavioural Approach :** The findings of Elton Mayo, Frederick Herzberg and other human relations experts led to search for alternative ways of designing jobs so as to avoid the dysfunctional consequences of standardisation and simplification. Job redesign, work structuring, job enrichment, participative system and other similar strategies were developed to improve the quality of work life. The aim of all these attempts is to design jobs which will not only ensure technical efficiency but will satisfy social and psychological needs of workers. The most popular behavioural approach to job redesign is the Job characteristics model of Hackman and Oldham. This model is based on the assumption that three key psychological stats of a jobholder determine his motivation, satisfaction and performance on the job. Behavioural approach to job design is a socio-technical approach as it deals with both the technical and social aspects of a job. It is, therefore, an improvement over the classical approach which considered only the technical side of jobs. Tavistock Institute of Human Relations, London has carried out several experiments in the application of the socio-technical approach to job design. The job characteristics model, however, suffers from some limitations. It is probabilistic and has an intuitive appeal. But there is little empirical evidence to support it. In one study of bank employees in India growth need has not been found coaching, counselling etc., are examples of corrective actions that help to improve performance.

## **Limitations of Performance Appraisal:**

The main problems involved in performance appraisal are as follows:

### **1. Errors in Rating:**

Performance appraisal may not be valid indicator of performance and potential of employees due to the following types of errors:

- Halo Effect: It is the tendency to rate an employee consistently high or low on the basis of overall impression. One trait of the employee influences the rater's appraisal on all other traits. For example, an employee may be rated high on performance just because he sits on the job late in the evening. Similarly, a person who does not shave regularly may be considered lazy at work and may be underrated. This error may be minimised by rating all the employees on one trait before taking up another trait.
  - Stereotyping: This implies forming a mental picture of a person on the basis of his age, sex, caste or religion. It results in an over-simplified view and blurs the assessment of job performance.
  - Central Tendency: It means assigning average ratings to all the employees in order to avoid commitment or involvement. This is adopted because the rater has not to justify or clarify the average ratings. As a result, the ratings are clustered around the midpoint.
  - Constant Error: Some evaluators tend to be lenient while others are strict in assessing performance. In the first case, performance is overrated (leniency error) while in the second type it is underrated (strictness error). This tendency may be avoided by holding meetings so that the raters understand what is required of them.
  - Personal Bias: Performance appraisal may become invalid because the rater dislikes an employee. Such bias or prejudice may arise on the basis of regional or religious beliefs and habits or interpersonal conflicts. Bias may also be the result of time. Recent experience or first impression of the rater may affect the evaluation.
  - Spill over Effect: This arises when past performance affects assessment of present performance. For instance, recent behaviour or performance of an employee may be used to judge him. This is called regency.
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## **2. Lack of Reliability:**

Reliability implies stability and consistency in the measurement. Lack of consistency over time and among different raters may reduce the reliability of performance appraisal. Inconsistent use of measuring standards and lack of training in appraisal techniques may also reduce reliability. Different qualities may not be given proper weightage. Factors like initiative are highly subjective and cannot be quantified.

## **3. Incompetence:**

Raters may fail to evaluate performance accurately due to lack of knowledge and experience. Post appraisal interview is often handled ineffectively.

## **4. Negative Approach:**

Performance appraisal loses most of its value when the focus of management is on punishment rather than on development of employees.

## **5. Multiple Objectives:**

Raters may get confused due to too many objectives or unclear objectives of performance appraisal.

## **6. Resistance:**

Trade unions may resist performance appraisal on the ground that it involves discrimination among its members. Negative ratings may affect interpersonal relations and industrial relations particularly when employees/unions do not have faith in the system of performance appraisal.

## **7. Lack of Knowledge:**

The staff appraising performance of employees might not be trained and experienced enough to make correct appraisal.

## **JOB EVALUATION**

Job Evaluation is a system wherein a particular job of an enterprise is compared with its other jobs. In the present industrial era, there are different types of jobs which are performed in every business and industrial enterprise. Comparative study of these jobs is very essential because on the basis of such study the structure of wages for different types of jobs is prepared. The comparison of jobs may be made on the basis of different factors such as duties, responsibilities, working conditions, efforts, etc. In nut shell, it may be said that job evaluation is a process in which a particular job of a business and industrial enterprise is compared with other jobs of the enterprise. Some scholars name it the determination of job rate.

Definitions: Some eminent scholars have defined Job evaluation as follow:

1. Kimball and Kimball define job evaluation as —an effort to determine the relative value of every job in a plant to determine what the fair basic wage for such a job should be.||
2. According to Wendell French, —job evaluation is a process of determining the relative worth of the various jobs within the organisation, so that differential wages may be paid to jobs of different worth.|| The relative worth of a job means relative value produced. The variables which are assumed to be related to value produced are such factors as responsibility, skill, effort and working conditions. Job evaluation is a process of comparing jobs with other jobs in terms of the demand a job makes on the worker.It does not set the price of a job; it merely fixes its relative worth. It presents an effort to determine the relative value of every job in a plant, and to determine what the fair basic wage for such a job should be. It is not evaluating the ,merit of the worker who is doing the work. It rates the job and not the qualities of the individual worker on the job, which is the task of employee rating. We may define job evaluation as a process of analysing and describing positions, grouping them and determining their relative value of comparing the duties of different position in terms of their different responsibilities and other requirements

## **OBJECTIVES OF JOB EVALUATION**

1. To secure and maintain complete, accurate and impersonal descriptions of each distinct job or occupation in the entire plant;
2. To provide a standard procedure for determining the relative worth of each job in a plant;
3. To determine the rate of pay for each job which is fair and equitable with relation to other jobs in the plant, community or industry;
4. To ensure that like wages are paid to all qualified employees for like work;
5. To promote a fair and accurate consideration of all employees for advancement and transfer;
6. To provide a factual basis for the consideration of wage rates for similar jobs in a community and industry;
7. To provide information for work on employees' selection, placement, training and numerous other similar problems.

## **Principles of Job Evaluation**

There are certain broad principles, which should be kept in mind before putting the job evaluation programme into practice. These principles are:

1. Rate the job and not the man. Each element should be rated on the basis of what the job itself requires.

2. The elements selected for, rating purposes should be easily explainable in terms and as few in number as will cover the necessary requisites for every job without any overlapping.
3. The elements should be clearly defined and properly selected.
4. Any job rating plan must be sold to force-men and employees. The success in selling it will depend on a clear-cut explanation and illustration of the plan.
5. Foremen should participate in the rating of jobs in their own departments.
6. Maximum co-operation can be obtained from employees when they themselves have an opportunity to discuss job ratings.
7. In talking to foremen and employees, any discussion of money value should be avoided. Only point values and degrees of each element should be discussed.
8. Too many occupational wages should not be established. It would be unwise to adopt an occupational wage for each total of point values.

### **Advantages of Job Evaluation**

1. Job evaluation is a logical and to some extent an objective method of ranking jobs relative to one another. It may help in removing inequalities in existing wage structures and in maintaining sound and consistent wage differentials a plant or industry.
2. In the case of new jobs, the method often facilitates fitting them into the existing wage structure.
3. The method helps in removing grievances arising out of relative wages; and it improves labour-management relations.
4. The method replaces the many accidental factors, occurring in less systematic procedures, of wage bargaining by more impersonal and objective standards, thus establishing a clear basis for negotiations.
5. The method may lead to greater uniformity in wage rates, thus simplifying wage administration.
6. The information collected in the process of job description and analysis may also be used for the improvement of selection, transfer and promotion procedures on the basis of comparative job requirements.
7. Such information also reveals that workers are engaged on jobs requiring less skill and other qualities than they possess

### **Methods of Job Evaluation**

- **Ranking Method:**  
The ranking method requires a committee typically composed of both management and employee representatives of job in a simple rank order, from highest to lowest. Rating specialists review the job analysis information and thereafter appraise each job subjectively according to its general importance in comparison with other jobs. In other words, an overall judgment is made of the relative worth of each job, and the job is ranked accordingly. These are overall rankings, although raters may consider individually the responsibility, skill, effort, and working conditions and each job. No attempt is made to determine the critical factors in each job. Therefore, it is quite possible that important elements of some jobs may be overlooked while unimportant items are weighed too heavily. It may be noted that because of the difficulties in ranking a large number of jobs at the time, the paired comparison technique of ranking is sometimes used. With this technique, decisions are made about the relative worth of only two jobs at a time. However, since each job is compared with every other jobs, the number of comparisons to be made increases rapidly with the addition of each job to the list.

- Job Grading or Job Classification Method :  
This method works by assigning each job a grade, level or class that corresponds to a pay grade for instance Grade I, Grade II, Grade III and so forth. These grades or classifications are created by identifying gradations of some common denominations, such as job responsibility, skill, knowledge, education required, and so on. Then, for each job grade so created standard job descriptions are determined. Thereafter, such standard description is matched with job descriptions in the organization. The standard description that most nearly matches the job description determines the job's grading. This method requires a decision at the initial stage on the number of pay grades to be included in the wage and salary plan. Of course, the actual amount to be assigned to pay grades made after the job evaluation is completed.
- Factor-comparison Method:  
This method is a combination of ranking and point systems. All jobs are compared to each other for the purpose of determining their relative importance by selecting four or five major job elements or factors which are more or less common to all jobs. These elements are not predetermined. These are chosen on the basis of job analysis. The few factors which are customarily used are:
  - Mental requirements
  - Skills
  - Physical requirements
  - Responsibilities
  - Working conditions, etc.

## MERIT RATING

Merit rating is a technique to evaluate the merits of employees according to job requirements. The personal abilities that an individual brings to his job, measured by the extent to which his output or quality of his work exceeds the minimum that can reasonably be expected for his basic rate of pay. The definitions of merit rating are given as follows:

- According to Edward Flippo, —Merit rating is a systematic, periodic and, so far as humanly possible, an impartial rating of an employee's excellence in matters pertaining to his present job to his potentialities for a job.
- According to Scot, Clothier and Spriegal, —Merit rating of an employee is the process of evaluating the employee's performance on the job in terms of the requirements of the job.
- Alford and Beatty observe, —Employees or personnel rating is the evaluation or appraisal of the relative worth to the company of a man's services of his better job

### Objects of Merit Rating

1. To make a comparative study of the abilities of different employees.
2. To provide higher reward to the more efficient employees.
3. To prove the justification of different rates of wages to different employees according to their abilities.
4. To establish harmonious relation between employees and employers.
5. To motivate the employees to do better and more work.
6. To determine a policy for promotions and transfer.
7. To evaluate the success of training programmes.
8. To forecast the need of training to the employees and to determine the nature of training.

### Methods of Merit Rating

1. Rating Procedure:

In this method, the abilities of an employee are compared with that of other employees. Under this method, the employees are divided into efficient and inefficient employee. This method adopts the technique of paired comparison. Therefore, the pairs of two employees each are made according to the formula of  $N(N-1)Z$  and the more efficient employee in every pair is underlined. The employee having maximum underline is treated as the most efficient employee whereas the employee having no underline to his credit, is treated least efficient employee.

2. Grading Method:

Here different grades are divided for evaluating the ability of different employees and then the employees are placed in these grades. The grades are—Excellent, Very Good, Good, Average, Bad, Worst. Every grade may again be sub-divided into three grades: (i) Highly Satisfactory (ii) Satisfactory (iii) Non-satisfactory. Employees can be placed in any of these groups according to their abilities.

3. Man to Man Comparison Method:

This is the method where, a master scale is used to evaluate the qualities of different employees. The five scales of performance are determined for every job in the master scale. For example, to measure the efficiency of employees, first of all the most efficient employee is selected and after that the most inefficient employees are selected who are respectively more efficient than average efficiency and less efficient than average efficiency. These five employees become the base for measuring the efficiency of the total employees. Every employee of the enterprise is compared with these five employees to evaluate their ability and efficiency.

4. Graphic Rating Method:

In this method, the abilities of employees are evaluated through graph. The abilities of all the employees are represented on a graph paper with the help of scale. Following qualities are included to evaluate the ability of employees such as Quantity of Job, Quality of job, Regularity, ability to learn, ability to initiate, dependence upon other employees and officers, safety aspects, ability to direct, ability to supervise, behaviour with other employees and officers. Under this method of Merit Rating, a report is prepared regarding Merit Rating of every employees and it is represented on a graph paper. It makes evaluation of employees very easy and simple.

5. Checking List Method:

A list of necessary qualities for the performance of a job is prepared under this method. The qualities of the employees are measured on the basis of the abilities of such lists. If an employee possesses that quality, the sign “+” is marked in the list. If that quality is not possessed by an employee the sign “-” is marked in the list. If there is a doubt regarding it, the sign of (?) is marked in the list. On the basis these sign, the abilities of an employee are evaluated.

6. Descript Evaluation Method:

In this method supervisor prepares a detailed report of the abilities, efficiency and potentialities of the employees under his supervision. All the employees are evaluated on the basis of these reports.

7. Forced Choice Descriptive Method:

In this method some details are collected regarding the performance of an employee on the given job. After this, some standards are fixed with the consent of evaluations. The performance of an employee is evaluated on the basis of these standards and the ability and efficiency of all the employees are evaluated on this basis.

## **DISTINCTION BETWEEN JOB EVALUATION AND MERIT RATING**

The objective of Job Evaluation and Merit Rating are almost same, because both the techniques aim at making comparative study of the abilities and performance of an employee. Even then there are technical differences between these two. These differences are as follows:

#### Job Evaluation| Merit Rating

- Meaning It is a technique by which different jobs of an enterprise are evaluated. | Merit Rating is the process by which the ability, efficiency and potentiality of an employee are evaluated.
- Beginning : This process is started after the appointment of an employees | This process of Merit Rating is started before the appointment of employees.
- Procedure of Evaluation: In the process of job evaluation, the performance of an employee is evaluated by comparing it with the performance of another employee's of equal rank and status | In the process of Merit Rating, the ability, efficiency and the potentiality of an employee are evaluated.
- Relation : It is related with the relative study of different jobs | It is related with relative study of different study of different jobs employees.
- Basis of Determining Wages and Salaries: In the process of job evaluation, the remuneration of an employee is determined | In the process of Merit Rating, the remuneration of an employee is determined on the basis of his efficiency, ability and potentiality.

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### Limitation of Job Evaluations

1. Though many ways of applying the job evaluation technique are available, rapid changes in technology and in the supply and demand of particular skills have given rise to problems of adjustment.
2. Substantial differences exist between job factors and the factors emphasised in the market. These differences are wider in cases in which the average pay offered by a company is lower than that prevalent in other companies in the same industry or in the same geographical area.
3. A job evaluation frequently favours groups different from those which are favoured by the market. This is evident from the observations whole of Kerr and Fisher. According to them, —the jobs which tend to rate high as compared with the market are those of janitor, nurse and typist, while craft rates are relatively low. Weaker groups are better served by an evaluation plan than by the market; the former places the emphasis not on force but on enquiry.
4. Job factors fluctuate' because of changes in production technology, information system, and division of labour and such other factors. Therefore, the evaluation of a job today is made on the basis of job factors, and does not reflect the time job value in future. In other words, continuing attention and frequent evaluation of a job are essential.
5. Higher rates of pay for some jobs at the earlier stages than other jobs or the evaluation of a job higher in the organizational hierarchy at a lower rate than another job relatively lower in the organizational hierarchy often give rise to human relations problems and lead to grievances among those holding these jobs.

## TOPIC 10: EMPLOYEE TRAINING AND DEVELOPMENT

Training is an organized activity for increasing the knowledge and skills of people for a definite purpose. It involves systematic procedures for transferring technical know-how to the employees so as to increase their knowledge and skills for doing specific jobs with proficiency. In other words, the trainees acquire technical knowledge, skills and problem solving ability by undergoing the training programme.

According to Edwin B. Flippo, —Training is the act of increasing the knowledge and skills of an employee for doing a particular job.

### Objectives of Training

1. To impart to new entrants the basic knowledge and skill they need for an intelligent performance of definite tasks;
2. To assist employees to function more effectively in their present positions by exposing them to the latest concepts, information and techniques and developing the skills, they will need in their particular fields;
3. To build up a second line of competent officers and prepare them to occupy more responsible positions;
4. To broaden the minds of senior managers by providing them with opportunities for an inter-change of experiences within and outside with a view to correcting the narrowness of the outlook that may arise from over-specialization;
5. To impart customer education for the purpose of meeting the training needs of Corporations which deal mainly with the public.

## NEED AND IMPORTANCE OF TRAINING

1. **Increasing Productivity:** Instruction can help employees increase their level of performance on their present job assignment. Increased human performance often directly leads to increased operational productivity and increased company profit. Again, increased performance and productivity, because of training, are most evident on the part of new employees who are not yet fully aware of the most efficient and effective ways of performing their jobs.
2. **Improving Quality:** Better informed workers are less likely to make operational mistakes. Quality increases may be in relationship to a company product or service, or in reference to the intangible organizational employment atmosphere.
3. **Helping a Company Fulfil its Future Personnel Needs:** Organisations that have a good internal educational programme will have to make less drastic manpower changes and adjustments in the event of sudden personnel alternations. When the need arises, organisational vacancies can more easily be staffed from internal sources if a company initiates and maintains an adequate instructional programme for both its non-supervisory and managerial employees.
4. **Improving Organizational Climate:** An endless chain of positive reactions results from a well-planned training programme. Production and product quality may improve; financial incentives may then be increased, internal promotions become stressed, less supervisory pressures ensue and base pay rate increases result. Increased morale may be due to many factors, but one of the most important of these is the current state of an organisation's educational endeavour.
5. **Improving Health and Safety:** Proper training can help prevent industrial accidents. A safer work environment leads, to more stable mental attitudes on the part of employees. Managerial mental state would also improve if supervisors now that they can better themselves through company-designed development programmes.
6. **Obsolescence Prevention :** Training and development programmes foster the initiative and creativity of employees and help to prevent manpower obsolescence, which may be due to age, temperament or motivation, or the inability of a person to adapt himself to technological changes.
7. **Personal Growth:** Employees on a personal basis gain individually from their exposure to educational experiences. || Again, —Management development programmes seem to give participants a wider awareness, an enlarged skin, an enlightened altruistic philosophy, and make enhanced personal growth possible. ||

## Distinction between Training and Development

S/NO | Training | Development

1. Training means learning skills and knowledge for doing a particular job. It increases job skills | Development means the growth of an employee in all respects. It shapes attitudes.
2. The term 'training' is generally used to denote imparting specific skills among operative workers and employees. | The term 'development' is associated. With the overall growth of the executives.
3. Training is concerned with maintaining and improving current job performance. Thus, it has a short-term perspective | Executive development seeks to develop. Competence and skills for future performance. Thus, it has a long-term perspective.
4. Training is job-centered in nature. | Development is career-centered in nature.
5. The role of trainer or supervisor is very important in training. | All development is 'self development'. The executive has to be internally motivated for self-development.

## METHODS OF TRAINING

**On-the-Job Training Methods:** This type of training is imparted on the job and at the work place where the employee is expected to perform his duties. It enables the worker to get training under the same working conditions and environment and with the same materials, machines and equipments that he will be using ultimately after completing the training. This follows the most effective methods of training the operative personnel and generally used in most of the individual undertaking.

### 1. On Specific Job:

On the job training methods is used to provide training for a specific job such a electrician moror mechanic plumbing etc.

(a) Experience: This is the oldest method of on-the-job training. Learning by experience cannot and should not be eliminated as a method of development, though as a sole approach, it is a wasteful, time consuming and inefficient. In some cases, this method bas proved to be very efficient though it should be followed by other training methods to make it more meaningful.

(b) Coaching: On-the-Job coaching by the superior is an important and potentially effective approach is superior. The technique involves direct personnel instruction and guidance, usually with extensive demonstration.

### 2. Job Rotation:

The major objective of job rotation training is the broadening of the background of trainee in the organization. If trainee is rotated periodically from one job to another job, he acquires a general background. The main advantages are: it provides a general background to the trainee, training take place in actual situation, competition can be stimulated among the rotating trainees, and it stimulates a more co-operative attitude by exposing a man to other fellow problem and view-points.

### 3. Special Projects:

This is a very flexible training device. The trainee may be asked to perform special assignment; thereby he learns the work procedure. Sometime a task-force is created consisting of a number of trainees representing different functions in the organization.

4. Apprenticeship:  
Under this method, the trainee is placed under a qualified supervisor or instructor for a long period of time depending upon the job and skill required. Wages paid to the trainee are much less than those paid to qualified workers. This type of training is suitable in profession, trades, crafts and technical areas like fitter, turner, electrician, welders, carpenters etc.
5. Vestibule Training: Under this method, actual work conditions are created in a class room or a workshop. The machines, materials and tools under this method is same as those used in actual performance in the factory. This method gives more importance to learning process rather than production.
5. Multiple Management:  
Multiple management emphasizes the use of committees to increase the flow of ideas from less experience managers and to train them for positions of greater responsibility. The McCormick & Company of Baltimore, U .S.A. developed the programme. The company claims that the plan has increased employee efficiency, reduced labour turnover and absenteeism, and enabled the company to pay higher wages than those prevailing in the area and industry. In this method; a junior board authorized to discuss any problem that the senior board may discuss, and its members are encouraged to put their mind to work on the business a whole, rather than too concentrate to their specialized areas.

### **Off-the-job Training Methods Following are the off the job training techniques:**

1. Special Courses and Lectures:  
Lecturing is the most traditional form of formal training method Special courses and lectures can be established by business organizations in numerous ways as a part of their development programmes. First, there are courses, which the organizations themselves establish to be taught by members of the organizations.
2. Conferences:  
This is also an old method, but still a favorite training method. In order to escape the limitations of straight lecturing many organizations have adopted guided, discussion type of conferences in their training programmes. In this method, the participants pools, their ideas and experience in attempting to arrive at improved methods of dealing with the problems, which are common subject of discussion; Conferences may include buzz sessions that divide conferences into small groups of four or five intensive discussion.
3. Case Studies:  
This technique, which has been developed, popularized by the Harvard Business School, U.S.A is one of the most common forms of training. A case is a written account of a trained reporter of analyst seeking to describe an actual situation. Some causes are merely illustrative; others are detailed and comprehensive demanding extensive and intensive analytical ability.
4. Brainstorming :  
This is the method of stimulating trainees to creative thinking This approach developed by Alex Osborn seeks to reduce inhibiting forces by providing for a maximum of group participation and a minimum of criticism. A problem is posed and ideas are invited.
5. Laboratory Training:  
Laboratory training adds to conventional training by providing situations in which the trains themselves experience through their own interaction some of the conditions they are talking about. In this way, they more or less experiment on themselves.

# TOPIC 11: EMPLOYEE COMPENSATION

## Chapter Introduction

Employees have to be paid for the effort they put in the organization. This is in terms of employee compensation. This is a sensitive subject in most organizations today. A company's compensation system must include policies, procedures, and rules that provide clear and unambiguous determination and administration of employee compensation. Otherwise, there can be confusion, diminished employee satisfaction, and potentially costly litigation.

### Definition of Employee Compensation

Employee compensation is payment to an employee for work done or in return for their contribution to the organization. The most common forms of compensation are wages and salary. But employee compensation is much more than salary and wages as we shall see in this chapter. Compensation levels should be measured against employees in the company, other employees in similar companies and performance for there to be equity in the organization.

### Importance of Compensation

A fair compensation system is a must for every business organization. The fair compensation system will help in the following:

An ideal compensation system will have positive impact on the efficiency and results produced by employees. It will encourage the employees to perform better and achieve the standards fixed.

1. It will enhance the process of job evaluation. It will also help in setting up an ideal job evaluation and the set standards would be more realistic and achievable.
2. Such a system should be well defined and uniform. It will be apply to all the levels of the organization as a general system.
3. The system should be simple and flexible so that every employee would be able to compute his own compensation receivable.
4. It should be easy to implement, should not result in exploitation of workers.
5. It will raise the morale, efficiency and cooperation among the workers. It, being just and fair would provide satisfaction to the workers.
6. Such system would help management in complying with the various labor acts.
7. Such system should also solve disputes between the employee union and management.
8. The system should follow the management principle of equal pay.
9. It should motivate and encouragement those who perform better and should provide opportunities for those who wish to excel.
10. Sound Compensation/Reward System brings peace in the relationship of employer and employees.
11. It aims at creating a healthy competition among them and encourages employees to work hard and efficiently.
12. The system provides growth and advancement opportunities to the deserving employees.
13. The perfect compensation system provides platform for happy and satisfied workforce. This minimizes the labour turnover. The organization enjoys the stability.
14. The organization is able to retain the best talent by providing them adequate compensation thereby stopping them from switching over to another job.
15. The business organization can think of expansion and growth if it has the support of skillful, talented and happy workforce.
16. The sound compensation system is hallmark of organization's success and prosperity. The success and stability of organization is measured with pay-package it provides to its employees.

## Factors Influencing Employee Compensation

1. The labor market- this deals with the number of people searching for jobs as well as their skills.
2. The industry in which the organization exists. Compensation varies depending on the industry.
3. Type of job
4. Cost of living
5. Location of the job.

## Types of Compensation

Employee compensation can be direct or indirect compensation.

### 1. Direct Compensation

Direct compensation refers to monetary benefits offered and provided to employees in return of the services they provide to the organization. The monetary benefits include basic salary, house rent allowance, conveyance, leave travel allowance, medical reimbursements, special allowances, bonus, Pf/Gratuity, etc. They are given at a regular interval at a definite time.

#### Basic Salary

Salary is the amount received by the employee in lieu of the work done by him/her for a certain period say a day, a week, a month, etc. It is the money an employee receives from his/her employer by rendering his/her services.

#### House Rent Allowance

Organizations either provide accommodations to its employees who are from different state or country or they provide house rent allowances to its employees. This is done to provide them social security and motivate them to work.

#### Conveyance

Organizations provide for cab facilities to their employees. Few organizations also provide vehicles and petrol allowances to their employees to motivate them.

#### Leave Travel Allowance

These allowances are provided to retain the best talent in the organization. The employees are given allowances to visit any place they wish with their families. The allowances are scaled as per the position of employee in the organization.

#### Medical Reimbursement

Organizations also look after the health conditions of their employees. The employees are provided with medi-claims for them and their family members. These medi-claims include health-insurances and treatment bills reimbursements.

#### Bonus

Bonus is paid to the employees during festive seasons to motivate them and provide them the social security. The bonus amount usually amounts to one month's salary of the employee.

#### Special Allowance

Special allowance such as overtime, mobile allowances, meals, commissions, travel expenses, reduced interest loans; insurance, club memberships, etc are provided to employees to provide them social security and motivate them which improve the organizational productivity.

### 2. Indirect Compensation

Indirect compensation refers to non-monetary benefits offered and provided to employees in lieu of the services provided by them to the organization. They include

Leave Policy, Overtime Policy, Car policy, Hospitalization, Insurance, Leave travel Assistance Limits, Retirement Benefits, Holiday Homes.

### **Leave Policy**

It is the right of employee to get adequate number of leave while working with the organization. The organizations provide for paid leaves such as, casual leaves, medical leaves (sick leave), and maternity leaves, statutory pay, etc.

### **Overtime Policy**

Employees should be provided with the adequate allowances and facilities during their overtime, if they happened to do so, such as transport facilities, overtime pay, etc.

### **Hospitalization**

The employees should be provided allowances to get their regular check-ups, say at an interval of one year. Even their dependents should be eligible for the medi-claims that provide them emotional and social security.

### **Insurance**

Organizations also provide for accidental insurance and life insurance for employees. This gives them the emotional security and they feel themselves valued in the organization.

### **Leave Travel**

The employees are provided with leaves and travel allowances to go for holiday with their families. Some organizations arrange for a tour for the employees of the organization. This is usually done to make the employees stress free.

### **Retirement Benefits**

Organizations provide for pension plans and other benefits for their employees which benefits them after they retire from the organization at the prescribed age.

### **Holiday Homes**

Organizations provide for holiday homes and guest house for their employees at different locations. These holiday homes are usually located in hill station and other most wanted holiday spots. The organizations make sure that the employees do not face any kind of difficulties during their stay in the guest house.

### **Flexible Timings**

Organizations provide for flexible timings to the employees who cannot come to work during normal shifts due to their personal problems and valid reasons.

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